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Rising profits for companies does not translate to high worker pay

DES MOINES, Iowa (AP) -- Iowans are working harder but seeing little financial gain for their effort, according to nonprofit think tank.

A study by the Iowa Policy Project found that increased worker productivity contributed significantly to soaring corporate profits in the last 15 years, but the companies have not shared the windfall with workers.

"For Iowa's working families, this Labor Day offers little reason to celebrate," the group said. "Measured against its regional and national peers, Iowa wages remain low. Measured across time, those wages have stagnated for most, and fallen in recent years even as worker productivity has increased."

The study was completed by University of Iowa history professor Colin Gordon, economics professor Peter Fisher and Iowa Policy Project researcher Elaine Ditsler. It said that corporate profits increased 149 percent between 1990 and 2005, an average of about 10 percent a year, while median wages have risen less than 1 percent a year, from \$13.12 an hour in 1990 to \$14.28 in 2005.

Since 2003, the median wage for workers in the United States has actually fallen slightly, the group said.

That has occurred even though worker productivity grew about 2.2 percent a year from 1995 to 2000 and has increased 3.1 percent a year in the last five years, the study said.

The group concluded that the reason worker pay hasn't kept pace with an improved economy and higher productivity is a weak job market.

"A slack job market has left workers with little bargaining power to garner wage gains from their higher productivity," the group said. "In this respect, the recent experience in Iowa and in the United States stands in stark contrast to most of the postwar period, when rising productivity was accompanied by rising wages."

The group said stagnant pay combined with rising credit card debt, falling personal savings and a decline in the number of workers covered by job-based health insurance has led to a bleak picture for working families.

The study called for an increase in the Iowa minimum wage from the current \$5.15 to \$7.25, which it said would restore the purchasing power of the minimum wage to its 1979 level. That would benefit nearly one in five Iowa workers, mostly adults and many of them parents who live in some of the state's least populous and poorest counties, the group said.

The group also recommended improving access to health care.

Business leaders disagreed with some of the figures used in the study.

The Iowa Association of Business and Industry, which represents 1,200 Iowa businesses employing more than 300,000 Iowans, said Iowa should not put itself at a competitive disadvantage with other states by raising Iowa's minimum wage above the \$5.15 federal standard.

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"Obviously, we're a state that is in a very tough battle for bringing jobs to our state versus the economic opportunities in other states," said John Gilliland, the association's senior vice president for government relations. "It just doesn't seem to be a logical time to do anything that would put our state at a competitive disadvantage."

He said most association members pay well above the minimum wage.

"Iowa employers are extremely generous and competitive when it comes to benefits, particularly those involved in health care insurance," he said. "It's sometimes ironic when groups or individuals complain about decreasing health insurance benefits while at the same time those groups are advocating the addition of a number of different mandates on policies...which drive up costs."

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